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3 February 1956

Acting Ch/C/RR

Acting Ch/D/E/RR

Transmittal of EDAC Working Group III Memorandum, "Work Program for Working Group III with Regard to U.S. Policy on Soviet Bloc Economic Penetration Activities in the Free World" (WG III D-2, dtd 31 Jan 56)

1. Subject paper is the final revision of the 9 January 1956 memorandum on this matter submitted by ICA/MDAC, and it supersedes both that memorandum and a prior draft submitted by State and dated 28 December 1955. Subject paper, which is forwarded herewith, is now being circulated to the member agencies for comment, which may be made direct to Mr. Tuckerman (State/ECB). The Chairman of Working Group III did not deem it necessary to have a further formal meeting on this draft. If all members concur in this revision it will be sent through the Chairman of the Executive Committee for submission to the Chairman of EDAC, with or without an Executive Committee meeting as deemed necessary.

2. Recommendations in the revised memorandum are identical to those transmitted to Acting Ch/C/RR by (a) D/E memorandum of 23 January 1956 and (b) the minutes of the 18 January meeting of Working Group III. The Discussion section of the revised paper is a redraft of the corresponding section of the 9 Jan 56 ICA/MDAC memorandum, and was prepared in accordance with instructions from Mr. Goodkind, Working Group III Chairman, to make this portion of the paper conform to the recommendations. This task was carried out by Messrs. Hale (MDAC) and Tuckerman (State).

3. If concurrence is received, the CIA member of Working Group III (Acting Ch/D/E/RR) will advise Mr. Tuckerman that the revised memorandum is acceptable to CIA. D/E however proposes to mention informally that the existence or threat of excessive reliance on the Soviet Bloc is not confined to its role "as a trading partner". Accordingly if the memorandum is further revised before being forwarded to the Executive Committee, it would be well to rephrase Recommendation 3(a) approximately as follows:

"(a) Determine the existence or threat of excessive economic reliance on the Soviet Bloc."

4. Acting Ch/C/RR is requested to instruct the CIA member of Working Group III as to the Agency response to be made to Mr. Tuckerman.

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Enclosure: 1

2 - subject memorandum (EDAC WG-III D-2, 31 Jan 56)

Distribution: Orig. & 1 - Addressee; 1 - WG III file; 2 - D/E chrono

D/E/RR: [redacted] 2558(3Feb56) E.C.R. et

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Hand carried to Ojc Ch/c
0845, Mon 6 Feb. ACT